

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1472 – HB 1940

February 23, 2016

SUMMARY OF ORIGINAL BILL: Changes, from June 30, 2018 to June 30, 2017, the sunset date for the Department of Human Services (DHS). Transfers the management and operations of financial accounting and reporting for DHS to the Department of Finance and Administration (F&A).

Establishes certain reporting requirements to be submitted by DHS, no later than the 30th of each month, to the Chairs of the House and Senate Government Operations Committees, the Chair of the House Health Committee and the Chair of the Senate Health and Welfare Committee, the Chairs of the House and Senate Finance, Ways and Means Committees, the Speakers of the House and Senate, and the Comptroller of the Treasury.

Requires DHS to perform both announced and unannounced physical site visits to subrecipients. Defines a “subrecipient” as a nonfederal legal entity that receives an award from DHS acting as a pass-through agency to carry out a federal program or grant. Subrecipient does not include a person that is a beneficiary of the program.

Prohibits the DHS from terminating or transferring any employee of the department, unless written notification is sent to the Chairs, Speakers, and Comptroller, with an explanation summarizing the basis for termination or transfer. Prohibits the department from terminating an employee engaged in an internal audit function or in the subrecipient monitoring process without the written approval of the Comptroller.

Requires the Office of Inspector General within DHS to establish a toll-free telephonic and web-based hotline for the purpose of receiving allegations of misconduct by department employees.

Requires DHS to distribute a copy of Tennessee Code Annotated § 39-16-402, defining the official misconduct involving public officials and employees, to the home address and work e-mail address of each department employee, to post it electronically on the DHS’ website, and include it in the employee handbook. Implementation of the proposed legislation is to be conducted within the appropriation of DHS existing resources and personnel.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$327,800/One-time
\$5,615,600/Recurring

SB 1472 – HB 1940

SUMMARY OF AMENDMENT (012813): Deletes all language of the original bill. Requires the Department of Human Services (DHS) to submit, every three months, a report summarizing each physical site visit during the subrecipient monitoring process, to the Chairs of the Government Operations Committee of the House of Representatives and the Senate, the Chair of the Health Committee of the House of Representatives and the Chair of the Health and Welfare Committee of the Senate, the Chairs of the Finance, Ways and Means Committee of the House of Representatives and the Senate, the Speaker of the House of Representatives, the Speaker of the Senate and the Comptroller of the Treasury.

Requires the Office of Inspector General within the DHS, every three months, to submit a report summarizing the results of any investigation concerning fraud, waste, and abuse within the DHS to the Chairs, Speakers, and the Comptroller.

Requires the DHS to develop subrecipient monitoring plans utilizing analytical procedures consistent with state central procurement office policy and the applicable federal plan development and submission cycle. The DHS is to submit the plans, by October 1 of each year, to the named Chairs, Speakers, and Comptroller. Requires DHS, to the extent authorized by federal law, to perform both announced and unannounced physical site visits to subrecipients during the subrecipient monitoring process. Defines “subrecipient” as a nonfederal legal entity that receives a sub award from the Department acting as a pass-through agency to carry out a federal program or grant. Subrecipient does not include an individual that is a beneficiary of the program.

Requires a sponsoring organization applying to participate in any food program administered through the DHS to obtain and maintain a performance bond, in an amount specified by the DHS. A sponsoring organization can request relief from the bonding requirement once it can demonstrate that it has accumulated three consecutive years of successful administrative and financial history by submitting a written request to the DHS.

Requires the DHS to conduct background checks on each applicant of the subrecipient or sponsoring organization, during the application process and at any time during a sponsoring organization’s or subrecipient’s participation in a food program administered by the DHS, to determine if any applicant has a criminal history that would make the organization ineligible to participate in a food program administered by the DHS.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$26,500

Assumptions for the bill as amended:

- Based on information provided by the Department of Human Services, all reports and monitoring plans can be accommodated within existing resources.

- The proposed bill as amended requires background checks be completed on each applicant of the subrecipient or sponsoring organization, during the application process and at any time during a sponsoring organization's or subrecipient's participation in a food program administered by the DHS.
- Food program sponsoring organizations are required to reapply and fill out an application yearly in order to be eligible for participation.
- The DHS currently has 632 food program sponsoring organizations that participate in the Department's food program and would require background checks. The recurring increase in state expenditures associated with the background checks is estimated to be \$26,544 (632 food program sponsoring organizations x \$42 per background check).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jem